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Research firm predicts significant increase in IT outsourcing

From National Journal's Technology Daily

Over the next several years, federal spending on information technology outsourcing likely will increase 18 percent annually, reaching about $15 billion by 2007, up from $6 billion in 2002, research firm Input said Wednesday.

"A combination of administrative pressures to compete non-governmental activities and difficulty retaining and replacing qualified ... personnel is driving a significant increase in spending by federal agencies for IT outsourcing services," said Input analyst Payton Smith.

He added that GOP leadership in Congress "will foster a generally favorable atmosphere" towards outsourcing this year. According to the report, current IT initiatives will help bolster the need to outsource.

For example, the Navy/Marine Corps intranet program at the Defense Department and the IT Managed Services contract at the Transportation Security Administration will "play a significant role in defining future outsourcing projects in the defense and civilian agencies, respectively," Smith said.